

Message Text

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46

ACTION EB-07

INFO OCT-01 EA-06 ISO-00 AGR-05 L-03 CIAE-00 COME-00

INR-07 LAB-04 NSAE-00 SP-02 STR-04 TRSE-00 CIEP-01

FRB-03 OMB-01 /044 W

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R 140916Z JUL 75

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 5421

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E. O. 11652: NA

TAGS: EAGR, RPP

SUBJECT: COTTON CONTRACT PROBLEM

PASS USDA/FAS/STHPENS/CEP AND D. WILLIAMS/COT/FMD

STATE/J.WILLIAMS/F&TD

REF: A. TOFAS 86 B. STATE 148866

1. AGATTACHE HAD LENGTHY MEETING WITH GOVERNOR DE OCAMPO AND MRS. REYES OF DBP FRIDAY P.M. COVERING WIDE RANGE OF TOPICS.

2. RE YUPANGCO AND REFTTEL, AGATTACHE AGAIN WENT OVER SEQUENCE OF EVENTS, REITERATING THAT QUALITY PROBLEM ONLY CONCERNS COTTON SHIPPED AND FEAR OF RECEIVING LOW QUALITY COTTON NO BASIS FOR REFUSING TO OPEN L/C'S.

3. REGARDING LOTS OF 474 BALES AND 469 BALES, NOT CERTAIN THIS TIME WHETHER OR NOT COTTON IN WAREHOUSE. HOWEVER, CIEC AGENT REPORTS COTTON IS IN WAREHOUSE, AGATTACHE INFORMED DBP THAT SHIPPER WILLING TO SUBMIT CLAIM TO ARBITRATION AS PROPOSED PARA 2 REFTTEL. DBP WILL PURSUE THIS AT EARLY DATE.

4. DBP INDICATED YUPANGCO ABOUT OUT OF COTTON AND SOME ACTION NEEDED AT EARLY DATE. SO FAR, DBP HAS NOT REPEAT NOT YET PERMITTED
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YUPANGCO TO OPEN ANY L/C'S BUT FEAR OF MILL CLOSING AND THREAT DIS-

MISSAL

OF LARGE NUMBER WORKERS COULD RESULT IN SOMEONE "HIGHER UP" INTERVENING. DBP INDICATED THAT IF CIEC COULD IMPROVE ON CURRENT OFFER TO YUPANGCO, DBP WOULD BE IN A BETTER POSITION TO ENCOURAGE YUPANGCO TO OPEN L/C' . WITH REFERENCE TO LAST PARAGRAPH, PAGE 2 REF A, A RENEWAL OF CIEC'S OFFER OF 100 PERCENT SAMPLE INSPECTION BEFORE SHIPMENT CONTAINED IN ITS LETTER TO YUPANGCO OF OCTOBER 6 WOULD ALSO HELP TO REDUCE FEARS OF SHIPMENT LOW QUALITH COTTON.

5. DBP DESIROUS EARLY SOLUTION. GOV DE OCAMPO NOTED THAT IF DBP UNILATERALLY OPENED L/C'S FORCING YUPANGCO TO BUY EXCLUSIVELY FROM ICEC, YUPANGCO MIGHT SEEK INJUNCTION AGAINST DBP WHICH COULD RESULT IN INDEFINTE POSTPONEMENT OF IMPORTS FROM CIEC. DBP NOT ANXIOUS FOR EVEN THREAT OF THIS POSSIBILITY TO OCCUR, NOW ARE WE.
PURNELL

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Disposition Date: 28 MAY 2004
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Margaret P. Grafeld
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06 JUL 2006

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TAGS: EAGR, ETRD, RP, US
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